

EXHIBIT A TO ERRATA

EL02-62-000

February 26, 2002

discounted for present value) greater than what would have been expected had the California energy markets performed competitively. (If the California Board had used a short run marginal cost standard, the amount would have substantially exceeded the \$13 billion figure.)

The California Board used the cost of a new unit, i.e. long run marginal costs, for the purpose of estimating the price that would be observed in a competitive market over the long-term. Doing this is proper, and rests on well-accepted economic principles. In a growing competitive market, the equilibrium price, in the long run, assuming the market did not over invest, causing a glut that would put substantial downward pressure on prices, would equal the cost of expanding output. This is, however, a generous measure and prices the power supplied within the near term (i.e. the first two years) based on long-term costs. Further, because sellers receive the same price in a competitive market, the California Board assumed that all sellers would receive the same price. The following table summarizes the California Board's cost calculations:

Table of Costs and Cost Excess
(*Differences and sums may appear not to match exactly because of rounding)

	CDWR Contract Energy GWhs	CDWR Contract Costs \$millions	Competitive Benchmark Costs \$millions	Excess: CDWR minus Benchmark \$millions*
2002	47,252	4,063	2,071	1,991
2003	63,528	4,896	2,839	2,057
2004	80,585	5,434	3,672	1,762
2005	68,489	4,496	3,183	1,313
2006	71,274	4,502	3,379	1,123
2007	71,274	4,519	3,448	1,071
2008	71,274	4,546	3,518	1,028
2009	71,274	4,572	3,591	981
2010	70,393	4,546	3,620	925
2011	60,849	3,840	3,195	644
	Nominal Cost in \$ billions	45,414	32,517	12,897*
	Present Value in \$ billions			10,953

EXHIBIT B TO ERRATA

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Alternative Table of Costs and Cost Excess Relating to California Department of Water Resources Long-Term Power Purchase Contracts (Using Less Conservative Assumptions)

	Contract Energy GWhs	CDWR Contract Costs \$millions	Competitive Benchmark Costs \$millions	Excess: CDWR Minus Benchmark \$millions*
2002	47,252	4,063	1,969	2,094
2003	63,528	4,896	2,500	2,397
2004	80,585	5,434	3,097	2,337
2005	68,489	4,496	2,570	1,927
2006	71,274	4,502	2,729	1,773
2007	71,274	4,519	2,785	1,734
2008	71,274	4,546	2,843	1,703
2009	71,274	4,572	2,902	1,670
2010	70,393	4,546	2,927	1,619
2011	60,849	3,840	2,584	1,256
Nominal sum \$millions		45,414	26,906	18,509
PV in 2002 \$millions				15,341

* Differences and sums may appear not to match exactly because of rounding not shown.